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BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 96-178-E - ORDER NO. 96-414
JUNE 18, 1996

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IN RE: Application of Duke Power Company for) ORDER
Authorization under Article 13, Chapter 27,) APPROVING
of Title 58 of the Code of Laws of) APPLICATION
South Carolina, 1976, to Issue and Sell)
Securities (Common Stock).)

On June 6, 1996, Duke Power Company (Company) filed an Application for authorization to issue and sell a maximum of 2,000,000 shares of its Common Stock, without par value, pursuant to the Duke Power Company Incentive Plan (the Plan).

FINDINGS OF FACT

1. The Company is a corporation duly organized and existing under the laws of the State of North Carolina. It is duly authorized by its Articles of Incorporation to engage in the business of generating, transmitting, distributing and selling electric power and energy, and in the business of operating water supply systems, and is a public utility under the laws of the State of North Carolina and in its operations in that State is subject to the jurisdiction of the North Carolina Utilities Commission. It is duly domesticated in the State of South Carolina and is authorized to conduct and carry on business, and is conducting and carrying on the businesses heretofore mentioned in this State. It is also a public utility under the laws of the

State of South Carolina and in its operations in this State is subject to the jurisdiction of The Public Service Commission of South Carolina. It is a public utility under the Federal Power Act, and certain of its operations are subject to the jurisdiction of the Federal Energy Regulatory Commission.

2. The Company proposes to issue and sell its securities pursuant to its Application in this Docket in the following manner. The Company proposes to issue from time to time under the terms of the Plan a maximum of 2,000,000 shares of its Common Stock, without par value (the Shares). The Company intends to issue the Shares during the effective period of the Registration Statement on Form S-8 which the Company intends to file with the Securities and Exchange Commission in connection with the registration of the Shares.

The Plan was approved by the Company's shareholders at its Annual Meeting of Shareholders held April 25, 1996. Subject to adjustment as described in the Plan, the Shares consist of up to 2,000,000 shares of the Company's Common Stock, without par value, which are reserved for issuance under the Plan. The Shares comprise less than one percent of the Company's currently outstanding shares of Common Stock. The Shares may be issued from time to time under awards granted during the term of the Plan as described in the Plan, subject to a yearly limit on the amount of Shares or Share equivalents issuable to any single Participant in a given fiscal year. Further descriptions of the Plan's various provisions related to the issuance of the Shares are set forth in

the Company's proxy statement distributed in connection with its 1996 Annual Meeting of Shareholders. The full Plan document is attached as Appendix A to the proxy statement, and the proxy statement is attached as Exhibit A to the Company's Application in this Docket.

The Plan will allow the Compensation Committee of the Company's Board of Directors or another committee appointed by the Board (the Committee) to make various types of awards to officers and key employees of the Company and its subsidiaries. The Plan's effective date is April 25, 1996. The Plan will remain in effect until all of the Shares have been acquired in accordance with the Plan. However, in no event may an award be granted under the Plan on or after April 25, 2006.

The objectives of the Plan are to optimize the financial success, growth and efficiency of the Company through incentives which are consistent with the Company's objectives and which link the interests of Participants to those of the Company's shareholders; to provide Participants with an incentive for excellence in individual performance; and to promote teamwork among Participants. The Plan is further intended to provide flexibility to the Company in its ability to motivate, attract, and retain the services of Participants who make significant contributions to the Company's success and to allow Participants to share in the success of the Company.

If an award is canceled, terminates, expires, or lapses, any Shares subject to such award will again be available for grant

under the Plan, except that such Shares will still be counted for purposes of the individual yearly Share award limit described in the Plan.

The Company expects to receive no material amount of cash proceeds as a result of its issuance of Shares under the Plan. Rather, in general, the Company will receive the services of the Plan Participants as employees of the Company in return for the compensation paid to them in the form of awards under the Plan. However, to the extent cash proceeds are received (for example, in the case of cash exercise of an option by a Plan Participant), such proceeds would be used for general corporate purposes, including the Company's ongoing construction program.

3. No fee for services will be paid (other than attorneys, accountants and fees for similar technical services) in connection with the issuance and sale of any of the securities authorized herein.

4. Any net proceeds from the issuance and sale of the securities authorized herein will be applied and used by the Company for general corporate purposes.

CONCLUSIONS

Upon review and study of the verified Application, its supporting data and other information in the Commission's files, the Commission is of the opinion, and so finds, that the Company is a public utility subject to the jurisdiction of this Commission with respect to its rates, service, and securities issues and that the issuance and sale of the Shares as set forth

in the Company's Application are:

- a) For a lawful object within the corporate purposes of the Company;
- b) Compatible with the public interest;
- c) Necessary and appropriate for and consistent with the proper performance by the Company of its service to the public and will not impair its ability to perform that service; and
- d) Reasonably necessary and appropriate for such purposes.

IT IS, THEREFORE, ORDERED: That Duke Power Company be, and it is hereby, authorized, empowered, and permitted, upon the terms and conditions set forth in its Application:

1. To issue and sell from time to time a maximum of 2,000,000 shares of its Common Stock, without par value, pursuant to the Duke Power Company Stock Incentive Plan;
2. To use any net proceeds of such sale for general corporate purposes.

IT IS FURTHER ORDERED, that:

1. The Company report to the Commission within thirty (30) days after the issuance of Shares pursuant to an award under the Plan (including the number of shares, the expenses incurred therewith and the specific use(s) of any proceeds).
2. Approval of this Application does not bind the Commission as to the ratemaking treatment of this issuance.
3. This Order shall not, in any way, affect or limit the right, duty or jurisdiction of the Commission to further investigate and order revisions, modifications, or changes with

respect to any provision of this Order in accordance with the law.

4. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)